

DEPARTMENT OF HEALTH SERVICES

744 P STREET
SACRAMENTO, CA 95814



(916)-323-0503

September 16, 1985

CMSP Letter 85-7

To: All County Welfare Directors

CMSP Overpayment/Fraud Referral Process

This letter transmits to you the County Medical Services Program (CMSP) Overpayment/Fraud Referral Process. Effective September 1, 1985, County Welfare Departments should utilize the instructions contained in Article 14 of the revised CMSP Eligibility Manual (Attachment 1). In order to facilitate the revised process, several new forms have been developed including:

1. CMSP 609 Request For Claims Detail (Attachment 2) -- Counties should complete this form to determine the amount of CMSP benefits received during the period when a potential overpayment occurred. A completed form for each person in each incident should be forwarded to the address indicated on the form. Failure to fully complete the form will result in delay in the processing of the request. Counties should not forward any other forms, materials, or data with this form. Upon receipt, the CMSP unit will log the request and, in six months from the date the overpayment period ended, order the claims detail. This delay is necessary to capture the claims associated with the request. Counties should reasonably expect claims data to be returned seven months from the end of the overpayment period.

2. CMSP 610 Claims Transmittal/Case Resolution (Attachment 3) -- DHS will complete sections 1-5 and forward this form and the claims detail to the counties. Upon resolution of each case, counties should complete the form and forward it to the address indicated on the form with a xerox copy of any check mailed to the Department (see 3, below), if applicable, as well as any supporting documentation which details the cost of recovery. DHS will use the data accumulated from those forms to monitor the overpayment recovery process and to determine if changes in the process are necessary.

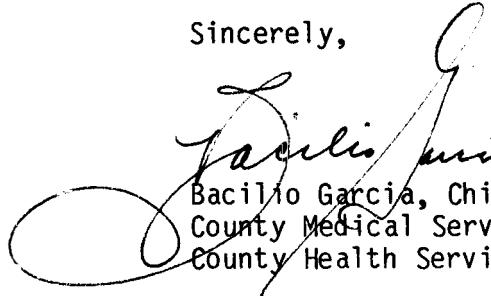
3. CMSP 611 Check Handling Slip (Attachment 4) -- When the amount of money recovered exceeds the cost of recovery, counties must forward those funds which exceed the cost of recovery to the Department for deposit in the CMSP account. In order to ensure this result, counties should send checks (made payable to The Department of Health Services) and attach a copy of this form to:

State of California
Department of Health Services
Accounting Section
714 P Street, Room 1092
Sacramento, California 95814

Counties should reproduce a reasonable supply of these forms, since they will not be available from the Department of Health Services (DHS) warehouse. A copy of each form should be placed in the Forms Section of the CMSP Eligibility Manual.

If you have any questions regarding this letter, please contact Al Cooper at (916) 324-2749.

Sincerely,



Bacilio Garcia, Chief
County Medical Services Program
County Health Services Branch

Enclosures (4)

AC:am

OCHS-3082
9/85

Article 14. Overpayments, Fraud and Improper Utilization

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|------|--|
| 0781 | Potential Overpayments |
| 0782 | Fraud |
| 0786 | Action on Overpayment |
| 0787 | Demand for Repayment |
| 0789 | Failure to Repay |
| 0790 | Disposition of Recoupment |
| 0793 | Prior Authorization for Improper Utilization |

Article 14 Overpayments, Fraud and Improper Utilization

0781 Potential Overpayments.

(a) A potential overpayment occurs when any of the following conditions exist, as limited by (c)

(1) A beneficiary has property in excess of the property limits for an entire calendar month.

(2) A beneficiary or the person acting on the beneficiary's behalf willfully fails to report facts and those facts, when considered in conjunction with the other information available on the beneficiary's circumstances, would result in ineligibility or an increased share of cost.

(3) A beneficiary has other health coverage of a type designated by the Department as not subject to post-service reimbursement, and the beneficiary or the person acting on the beneficiary's behalf willfully fails to report such coverage.

(b) A beneficiary or the person acting on the beneficiary's behalf willfully fails to report facts if he/she has completed and signed a CMSP Responsibilities Checklist, form CMSP 217, and a Statement of Facts and has, within his/her competence, done any of the following:

1) Provided incorrect oral or written information

(2) Failed to provide information which would affect the eligibility or share of cost determination.

(3) Failed to report changes in circumstances which would affect eligibility or share of cost within ten days of the change.

(c) If a change occurred in a person's circumstances and that change could not have been reflected in the person's eligibility determination for the month in which the change occurred or the month following because of the ten day notice requirement, no potential overpayment exists in that month, or in the following month if appropriate.

0782. Fraud.

Fraud occurs if an overpayment occurs and the beneficiary or the person acting on the beneficiary's behalf willfully failed to report facts as specified in Section 0781 (b) with the intention of deceiving the Department or the county department for the purpose of obtaining CMSP benefits to which the beneficiary was not entitled.

0783 County Action on Potential Overpayment.

(a) The county department shall take the following action when it appears that there may be a potential overpayment:

(1) Determine the correct eligibility status and share of cost based on the correct income, property and other circumstances.

(2) Determine whether a potential overpayment exists in accordance with Section 0781.

(3) Determine the amount of CMSP benefits received during the period when the potential overpayment occurred.

(4) In those instances where the potential overpayment is due to the willful failure to report facts and there was a person acting on behalf of the beneficiary:

(A) Determine whether the beneficiary is competent to handle his/her own affairs

(B) If the beneficiary is competent, require that the beneficiary act on his/her own behalf in the future.

(C) If the beneficiary is not competent, refer the case to the public guardian or conservator to ensure that the beneficiary's interest are protected.

0786. Action on Overpayment

(a) Upon receipt of a potential overpayment referral the county shall

CMSP ELIGIBILITY MANUAL

(1) Determine the amount of benefits received by the beneficiary for the period in which there was a potential overpayment by contacting the state CMSP unit in writing. This request for claims detail should include beneficiary name, beneficiary ID, SSN, and dates of potential overpayment.

(2) Compute the actual overpayment in accordance with following:

(A) When the potential overpayment was due to excess property actual overpayment shall be the lesser of the:

1. Actual cost of services paid by the Department during the period of consecutive months in which there was excess property throughout each month.

2. Amount of property in excess of the property limit during that period of consecutive months in which there was excess property throughout each month. This excess amount shall be determined in the same manner as the amount of excess property for spenddown of property purposes in Section 0421.

(B) When the potential overpayment was due to increased share of cost, the actual overpayment shall be the lesser of the:

1. Actual cost of services received in the share of cost period which were paid by the Department.

2. Amount of the increased share of cost for the share of cost period(s).

(C) When the overpayment was due to excess property and increased share of cost, the actual overpayment shall be a combination of (A) and (B).

(D) When the potential overpayment was due to other factors which result in ineligibility the overpayment shall be the actual cost of services paid by the Department.

(E) Potential overpayments, due to beneficiary possession of other health coverage that is not subject to post-services reimbursement, shall be processed by the county to determine and recover actual overpayments in all cases. The actual overpayment in such cases shall be the actual cost of services paid by the Department which would have been covered by private health insurance or other health coverage, had the coverage been known to the Department. The actual overpayment shall not include any costs which can be recovered directly by the Department

from the health insurance carrier or other sources. Such potential overpayment should be processed according to (a) above.

(3) Refer those cases where there appears there may be fraud to the county district attorney.

(4) Take appropriate action to collect overpayments in accordance with Section 0787.

0787. Demand for Repayment.

(a) The county shall demand repayment of an overpayment only if it is made as a result of a beneficiary's willful failure to meet the reporting responsibility as specified in Section 0781.

(b) Repayment shall be demanded of a beneficiary who has property or income which meets all of the following conditions:

(1) The property can be reasonably converted to cash within one year of the time the overpayment is reported. The value assigned to property other than cash shall be the net market value of the property less reasonable selling costs.

(2) The property is not essential to safe and healthful household operation

(3) The income is above the maintenance need for the persons in the CFBU

(c) The county may enter into a repayment agreement with a beneficiary who does not currently have property or income that can be used for repayment in accordance with (b) if it appears that such property or income will become available within one year of the date of the discovery of the overpayment.

(d) The county may take other collection actions as permitted under state law

0789 Failure to Repay.

(a) If the beneficiary refuses to repay the total amount of the overpayment which is subject to a demand for repayment, or if the amount paid in accordance with Section 0787 does not equal the overpayment, the county shall proceed to reduce the court judgment to a lien by having an abstract of judgment recorded in any county in which the beneficiary owns real property, pursuant to Section 674, Code of Civil Procedure. Thereafter, it shall take all appropriate action to execute the judgment, pursuant to Section 681 et seq., Code of Civil Procedure.

(b) As one way of satisfying an otherwise uncollectable overpayment, the county may arrive at a reasonable settlement or its demand for repayment with the beneficiary.

0790. Disposition of Recoupment

(a) From the total amount of recouped funds collected from a person who has improperly received or obtained CMSP benefits in a county, the county shall retain an amount equal to its actual costs of recovery.

(b) The county shall forward any remaining funds to the Department for desposit in the CMSP account.

(c) The county shall report to the Department for each case where recovery occurs:

(1) The case number, case ID, and period of overpayment

The total amount of the overpayment.

The total amount of the demand for repayment

The amount recovered

The actual costs of recovery

The net amount forwarded to the Department

0793. Prior Authorization for Improper Utilization.

(a) A beneficiary who has been determined by the Department or the county to be utilizing CMSP benefits improperly or engaging in practices

inimical to the purposes of CMSP may be subjected to utilization restriction in any of the following forms:

Prior authorization for all CMSP services

(2) Prior authorization for specific CMSP services.

(3) Restriction to utilization of a specific physician prescriber of drugs

Restriction to a specific physician prescriber of drugs.

Utilization restriction shall not apply in emergency

(c) The county shall impose utilization restriction upon a beneficiary by written order. The order shall:

(1) Include the reasons for the action

(2) Be furnished to the beneficiary by regular mail at least ten days prior to the effective date.

County Request For CMSP Claims Detail

Instructions: The county must provide the following information in order for the Department to determine the amount of CMSP benefits provided during the period a potential overpayment occurred. Complete one (1) form for each person in each incident and forward to the address indicated below. Failure to fully complete this form will result in a delay in the processing of this request. The county should not forward any other forms, materials, or data with this form. Upon receipt, the CMSP Unit will log this request and, in six months from the date the potential overpayment period ended, order the claims detail. This delay is necessary to capture the claims associated with the request. The county should expect the claims data to be returned seven months from the end of the overpayment period.

1. County Name _____
2. Recipient First Name _____
3. Recipient Last Name _____
4. Recipient ID # (14 digits) _____
5. Recipient SS # _____
6. BDOF _____
Beginning Date of Potential Overpayment/Fraud Activity
7. EDOF _____
Ending Date of Potential Overpayment/Fraud Activity

County Mailing Address: _____

Signature of Person Completing Form _____ Title _____ Phone Number _____

Date _____

Send Completed Form To:

County Medical Services Program
County Health Services Branch
714 P Street, Room 523
Sacramento, California 95814

ATTN: Claims Detail Requests

CMSP Claims Transmittal/Case Resolution

Instructions: The Department of Health Services will complete Items 1-5 and forward this form, along with the claims detail, to the county for recovery. Upon resolution of this case, the county will complete Items 6-12 and return this form to the address below. If Item 10 below indicates a positive amount, the county must complete Form CMSP 611 and a check for that amount, payable to the Department of Health Services, and remit the check to the Department as instructed on Form CMSP 611. Please include with this form any supporting documentation which details the cost of recovery, as well as a xerox copy of any check mailed to the Department on this case.

| | | |
|-------------------------------------|--|---|
| D H S O N L Y | 1. County Name | _____ |
| | 2. Recipient First Name | _____ |
| | 3. Recipient Last Name | _____ |
| | 4. Recipient ID # (14 digits) | _____ |
| | 5. Claim Total | _____ |
| C O U N T Y | 6. OP Amount | _____ |
| | 7. Demand REP | (Overpayment Amount) _____ |
| | 8. Amt Recov | (Amount of Demand for Repayment) _____ |
| | 9. Cost Recov | (Gross Amount Recovered) _____ |
| | 10. Net Recov | (Cost of Recovery) _____ |
| | 11. Resol Date | (Item 8 minus Item 9) _____ |
| O N L Y | 12. Reason for non-completion (attach pages if necessary): | _____ |
| | | _____ |
| | | _____ |
| | | _____ |

Signature of Person Completing Form Title Phone Number

Date

Send Completed Form To:

County Medical Services Program
County Health Services Branch
714 P Street, Room 523
Sacramento, California 95814

ATTN: Overpayments Processing

Check Handling Slip For CMSP Overpayments

Instructions: Complete this form when the amount of money recovered in the overpayment process exceeds the cost of recovery, as determined under Form CMSP 610, Item 10.

The attached check in the amount of \$ _____ from _____ County represents the net amount of recovery from a County Medical Services Program (CMSP) overpayment/fraud recovery action. This check should be deposited into the CMSP program account number 896-82652.

Send Completed Form and Check To:

Department of Health Services
Accounting Section
714 P Street, Room 1092
Sacramento, California 95814

CMSP 611 (9/85)

Attachment 4

Check Handling Slip For CMSP Overpayments

Instructions: Complete this form when the amount of money recovered in the overpayment process exceeds the cost of recovery, as determined under Form CMSP 610, Item 10.

The attached check in the amount of \$ _____ from _____ County represents the net amount of recovery from a County Medical Services Program (CMSP) overpayment/fraud recovery action. This check should be deposited into the CMSP program account number 896-82652.

Send Completed Form and Check To:

Department of Health Services
Accounting Section
714 P Street, Room 1092
Sacramento, California 95814

CMSP 611 (9/85)